

**WARD THREE MARSHAL
FOR THE PARISH OF ST. MARY**
Franklin, Louisiana

Financial Report

Year Ended June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/2/08

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Darnall, Sikes, Gardes Frederick

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihm, CPA Deceased 2002

E. Larry Sikes, CPA, CVA, CFPTM
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA, CFPTM
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B. Moody, CPA
Kathleen T. Darnall, CPA
Erich G. Loewer, III, MTX CPA
Raegan D. Maggio, CPA
Barbara A. Clark, CPA
Lauren F. Hebert, CPA
Barbara Ann Watts, CPA

Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Victoria M. LaPrairie, CPA
Emily J. LeBoeuf, CPA
Rachel W. Ashford, CPA
Dustin R. Buck, CPA
Veronica L. LeBleu, CPA

INDEPENDENT ACCOUNTANT'S REPORT

Honorable David J. McCoy, Jr.
Ward Three Marshal for the Parish of St. Mary
Franklin, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Ward Three Marshal for the Parish of St. Mary (hereinafter "Marshal"), a component unit of the City of Franklin, as of June 30, 2007, and for the year then ended, which collectively comprise the Marshal's basic financial statements, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Marshal.

A review consists primarily of inquiries of entity personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The budgetary comparison information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

The Marshal has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Darnall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 27, 2007

FINANCIAL SECTION

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 24,200
Receivables:	
Due from other governmental units	1,394
Due from Garnishment Fund	145
Capital assets, net	<u>25,144</u>
TOTAL ASSETS	<u>\$ 50,883</u>
NET ASSETS	
Invested in capital assets	\$ 25,144
Unrestricted	<u>25,739</u>
TOTAL NET ASSETS	<u>\$ 50,883</u>

See accountant's report and notes to the financial statements.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Statement of Activities
Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General government	<u>\$ 123,610</u>	<u>\$ 54,430</u>	<u>\$ 72,049</u>	<u>\$ 2,869</u>
	General revenue:			
	Interest			<u>195</u>
	Change in net assets			3,064
	Net assets - July 1, 2006			<u>47,819</u>
	Net assets - June 30, 2007			<u>\$ 50,883</u>

See accountant's report and notes to the financial statements.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Balance Sheet – Governmental Fund
June 30, 2007

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 24,200
Receivables:	
Due from other governmental units	1,394
Due from Garnishment Fund	<u>145</u>
Total Assets	<u>\$ 25,739</u>
FUND BALANCE	
Unreserved and undesignated	<u>\$ 25,739</u>

See accountant's report and notes to the financial statements.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
June 30, 2007

Total fund balance for the governmental fund at June 30, 2007		\$ 25,739
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Vehicles, furniture, and equipment	39,840	
Less: accumulated depreciation at June 30, 2007	<u>(14,696)</u>	<u>25,144</u>
Net assets at June 30, 2007		<u>\$ 50,883</u>

See accountant's report and notes to the financial statements.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Statement of Revenues, Expenditures, and Changes
in Fund Balance – Governmental Fund
June 30, 2007

	<u>General Fund</u>
Revenues:	
Local Sources-	
Court fees and costs	\$ 54,430
Intergovernmental	72,049
Interest	<u>195</u>
Total revenues	<u>126,674</u>
Expenditures:	
Current-	
General government	116,136
Capital outlay	<u>11,417</u>
Total expenditures	<u>127,553</u>
Deficiency of revenues over expenditures	(879)
Fund balance, beginning	<u>26,618</u>
Fund balance, ending	<u>\$ 25,739</u>

See accountant's report and notes to the financial statements.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
Year Ended June 30, 2007

Total net changes in fund balance for the year ended June 30, 2007 per
Statement of Revenues, Expenditures, and Changes in Fund Balance \$ (879)

The change in net assets reported for governmental activities in the
Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation
expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures, and Changes in Fund Balance	11,417	
Depreciation expense for the year ended June 30, 2007	<u>(7,474)</u>	<u>3,943</u>

Total changes in net assets for the year ended June 30, 2007 per
Statement of Activities \$ 3,064

See accountant's report and notes to the financial statements.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Fiduciary Fund Type – Agency Fund

Balance Sheet
June 30, 2007

	Garnishment Fund
<hr/>	
ASSETS	
Cash	\$ 145
<hr/>	
LIABILITIES	
Due to Marshal General Fund	\$ 145

See accountant's report and notes to the financial statements.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements

INTRODUCTION

On September 1, 1968, R.S. Chapter 7 Section 2488.1 established and created the City Court of the City of Franklin. The territorial jurisdiction of which shall extend throughout the City of Franklin, Louisiana and throughout the whole of Ward Three of St. Mary Parish. The court is composed of a city judge, a marshal, and a clerk of court. The office of marshal is elected for a six-year term. The Marshal's salary is funded by the St. Mary Parish Council and by the City of Franklin at no cost to the Marshal's Cost Fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying component unit financial statements of the Ward Three Marshal for the Parish of St. Mary (hereinafter "Marshal") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

Reporting Entity

As the governing authority of the city, for reporting purposes, the City of Franklin is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City of Franklin for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the City to impose its will on the organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City of Franklin provides office space to the Marshal and the significance of the relationship between the Marshal and City, the Marshal was determined to be a component unit of the City of Franklin, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Marshal and do not present information on the City, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

Basis of Presentation

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Marshal as a whole. These statements include all the financial activities of the Marshal. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Marshal's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Marshal uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Marshal has only one governmental fund – the General Fund. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Marshal or its total assets, liabilities,

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

revenues, or expenditures of the individual governmental fund are at least 10 percent of the corresponding total for all governmental funds. The General Fund of the Marshal is considered to be the major fund.

The major fund of the Marshal is described below:

Governmental Fund –

General Fund

The General Fund, as provided by Louisiana Revised Statutes is the principal fund of the Marshal and is used to account for the operations of the Marshal. The Marshal's primary source of revenue is fees from the City Court of Franklin. General operating expenditures are paid from this fund.

Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item 1 below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. The governmental fund utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available expendable financial resources during a given period. This fund uses fund balance as its measure of available expendable financial resources at the end of the period.
2. The government-wide financial statement utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net assets.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Fiduciary Fund – Agency Fund

The Garnishment Fund is used to account for the collection and disbursement of garnishments of wages in accordance with the orders and writs of City Court. The Marshal receives a 6% commission for the executions of orders and writs of City Court as established by Louisiana Statute R.S. 33:1704.

Assets, Liabilities, and Equity

Cash and Interest-bearing Deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Marshal.

Capital Assets

Capital assets, which include vehicles, furniture, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Marshal maintains a threshold level of \$500 or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Vehicles	5 years
Furniture and equipment	5 – 10 years

Equity Classifications

In the government-wide financial statements, equity is classified as net assets and displayed in two components:

1. Invested in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation.
2. Unrestricted net assets – all other net assets that do not meet the definition of "restricted" or "invested in capital assets."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Expenditures and Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, expenditures are classified as follows:

Governmental Funds – by character and function

Budgetary Practice

Ward Marshals are required under Louisiana Revised Statute 39:1301 et seq. to adopt a budget. The Marshal follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the Marshal for the fiscal year prior to the beginning of each fiscal year.
2. If proposed expenditures exceed \$250,000, a summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called, if required.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. If required, a public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing, if required, and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Marshal. Such amendments were not material in relation to the original appropriations.

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Marshal may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Marshal may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2007, the Marshal has cash balances (book balances) totaling \$24,200 and \$145 in the General Fund and Garnishment Fund, respectively.

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2007, were \$24,613 and \$1,527 in the General Fund and Garnishment Fund, respectively, which were fully secured by federal deposit insurance and not subject to custodial credit risk.

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WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 6/30/2006	Additions	Deletions	Balance 6/30/2007
Vehicles	\$ 26,799	\$ 10,616	\$ -	\$ 37,415
Furniture and equipment	<u>1,624</u>	<u>800</u>	<u>-</u>	<u>2,424</u>
	28,423	11,416	-	39,839
Less accumulated depreciation	<u>(7,221)</u>	<u>(7,474)</u>	<u>-</u>	<u>(14,695)</u>
Total	<u>\$ 21,202</u>	<u>\$ 3,942</u>	<u>\$ -</u>	<u>\$ 25,144</u>

Depreciation expense for the year ended June 30, 2007 was charged to the general government function.

NOTE 4 RETIREMENT PLAN

Substantially all employees of the Marshal's office are members of the Municipal Employees' Retirement System of Louisiana, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Marshal's office are members of Plan A. All permanent employees working at least 35 hours per week who are paid wholly or in part from city funds and all elected city officials are eligible to participate in the System.

Regular Retirement Benefits

A member of Plan A is eligible to retire and receive regular benefits if:

1. He has credit for at least thirty years of service, regardless of his age;
2. He has credit for at least twenty-five years of service and is at least the age of fifty-five; or
3. He has credit for at least ten years of service and is at least the age of sixty years.

The Plan A regular retirement benefit is an amount equal to three percent of the member's final compensation multiplied by his years of credited service (three percent multiplied by each year of credited service multiplied by final compensation), provided that:

1. A member who held an elective office in a participating municipality is paid an additional benefit equal to one-half of one percent of the member's final compensation multiplied by each year of such elective service (one-half of one percent multiplied by final compensation); and

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements

NOTE 4 RETIREMENT PLAN (CONTINUED)

2. for an employee who was a member only of the supplemental plan prior to the revision date, the benefit earned for service credited prior to the revision date will be determined on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation for each year of service after the revision date.

Applications for regular retirement should be submitted to the system at least six weeks prior to the planned retirement date. A copy of the member's birth certificate and, if an optional mode of benefit payments is selected, a copy of the option beneficiary's birth certificate must be attached to the application for retirement.

The System also provides death and disability benefits.

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Municipal Employee's Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana, 70809-7606, or by calling (225) 925-4810.

Funding Policy

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary, and the Marshal is required to contribute at an actuarially-determined rate. The current rate is 8% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the marshal are established and may be amended by state statute. As provided by Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Marshal's contributions to the System under Plan A were equal to the required contributions for each year.

NOTE 5 ON-BEHALF PAYMENTS FOR SALARIES

GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance" requires the Marshal to report in the financial statements on-behalf salary payments made by the City of Franklin to the Marshal's employees. Salary payments are made by the City directly to the employees. The basis for recognizing the

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Financial Statements

NOTE 5 ON-BEHALF PAYMENTS FOR SALARIES (CONTINUED)

revenue and expenditure payments is the actual contribution made by the City. For 2007, the City paid salaries to the city marshal, deputy marshals, and secretary. On-behalf payments recorded as revenues and expenditures in the financial statements for 2007 totaled \$72,049.

NOTE 6 EXPENDITURES OF THE MARSHAL'S OFFICE PAID BY THE CITY OF FRANKLIN

The cost of some expenditures for the operation of the Marshal's Office as required by Louisiana Revised Statute 13:1889, is paid by the City of Franklin. Such expenditures are not included in the accompanying financial statements.

NOTE 7 CORRECTION OF AN ERROR

The financial statements for June 30, 2006 for the General Fund have been restated to correct an error. The correction in the General Fund was the result of setting up a separate fund for the Garnishment Fund. This correction resulted in a reduction of fund balance of \$3,971.

REQUIRED SUPPLEMENTARY INFORMATION

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2007

	Budget		Actual	Variance-
	Original	Amended	(Non-GAAP Basis)	Favorable (Unfavorable)
Revenues:				
Local Sources-				
Court fees and costs	\$ 42,500	\$ 52,500	\$ 54,430	\$ 1,930
Interest income	<u>175</u>	<u>160</u>	<u>195</u>	<u>35</u>
Total revenues	<u>42,675</u>	<u>52,660</u>	<u>54,625</u>	<u>1,965</u>
Expenditures:				
Current-				
General government				
Accounting services	2,000	4,500	3,650	850
Automobile	9,000	18,000	18,501	(501)
Bank charges	60	60	118	(58)
Fees	-	-	180	(180)
Insurance	500	400	200	200
Marshal expense	5,500	4,500	4,823	(323)
Office expense	2,500	3,500	3,204	296
Miscellaneous	200	200	3,596	(3,396)
Postage	170	140	128	12
Repairs and maintenance	500	2,200	2,339	(139)
Salaries	-	2,500	-	2,500
Telephone	1,500	1,200	1,156	44
Seminars	2,500	7,000	6,192	808
Capital outlay	<u>-</u>	<u>11,400</u>	<u>11,417</u>	<u>(17)</u>
Total expenditures	<u>24,430</u>	<u>55,600</u>	<u>55,504</u>	<u>96</u>
Excess (deficiency) of revenues over expenditures	18,245	(2,940)	(879)	2,061
Fund balance, beginning	<u>26,618</u>	<u>26,618</u>	<u>26,618</u>	<u>-</u>
Fund balance, ending	<u>\$ 44,863</u>	<u>\$ 23,678</u>	<u>\$ 25,739</u>	<u>\$ 2,061</u>

See accountant's report.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Notes to Budgetary Comparison Schedule

NOTE 1 BASIS OF ACCOUNTING

The budget is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Marshal.

NOTE 2 NON-GAAP REPORTING RECONCILIATION

Budgetary amounts adopted by the Marshal do not include on-behalf payments made by the City of Franklin to the Marshal's employees for salaries and related benefits. These on-behalf payments are reflected as revenues and expenditures in the Marshal's financial statements as required by GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. Actual amounts are reconciled on a non-GAAP basis for comparison to budget as follows:

	<u>As Reported</u>	<u>Adjustment to Budgetary Basis</u>	<u>Non-GAAP Basis</u>
Revenues:			
Intergovernmental	<u>\$ 72,049</u>	<u>\$ (72,049)</u>	<u>\$ -</u>
Expenditures:			
General government	<u>\$ 127,553</u>	<u>\$ (72,049)</u>	<u>\$ 55,504</u>

**REQUIREMENTS OF THE
*LOUISIANA GOVERNMENTAL AUDIT GUIDE***



Darnall, Sikes, Gardes Frederick

(A Corporation of Certified Public Accountants)

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable David J. McCoy, Jr.
Ward Three Marshal for the Parish of St. Mary
Franklin, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the Ward Three Marshal for the Parish of St. Mary and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Marshal's compliance with certain laws and regulations during the year ended June 30, 2007 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the year that exceeded \$20,000, nor were there any expenditures for public works made during the year that exceeded \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of your immediate family members as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of you and all employees, as well as their immediate families.

Management provided us with the required list.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihm, CPA Deceased 2002

E. Larry Sikes, CPA, CVA, CFPTM
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA, CFPTM
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Pamela Mayeux Bonin, CPA, CVA
Joan B. Moody, CPA
Kathleen T. Darnall, CPA
Erich G. Loewer, III, MTX CPA
Raegan D. Maggio, CPA
Barbara A. Clark, CPA
Lauren F. Hebert, CPA
Barbara Ann Watts, CPA

Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA
Adam J. Curry, CPA
Chad M. Bailey, CPA
Carol C. Guillory, CPA
Christy S. Dew, CPA
Victoria M. LaPrairie, CPA
Emily J. LeBoeuf, CPA
Rachel W. Ashford, CPA
Dustin R. Buck, CPA
Veronica L. LeBleu, CPA

4. Determine whether any of those employees included in the listing obtained from management were also included on the listing obtained from management as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with an original and amended budget for the fiscal year ended June 30, 2007.

6. Trace the budget adoption to adoption instruments.

Adoption of budget traced to executed process verbal.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent (5%) or more or if actual expenditures exceed budgeted amounts by five percent (5%) or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$250,000 or less and exempts special revenue funds whose expenditures drive revenue recognition -- primarily federal funds.)

Actual revenues did not fail to meet budgeted revenues by 5% or more, and actual expenditures did not exceed budgeted expenditures by 5% or more.

Accounting and Reporting

8. Randomly select six (6) disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount, made to the correct payee, and properly coded to the correct fund and general ledger account.

Debt

9. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

10. Examine payroll records for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

We inspected payroll records for the year and noted no instances, which would indicate payments to employees that would constitute bonuses, advances, or gifts.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Dannall, Sikes, Gaudes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
December 27, 2007

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

November 19, 2007

Darnall, Sikes, Gardes & Frederick, CPA's
PO Box 2109
Morgan City, LA 70381

In connection with your review of our financial statements as of June 30, 2007 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of November 19, 2007.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☐ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

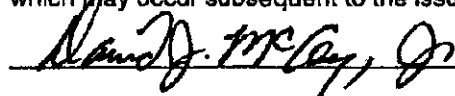
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Marshal 12-11-07 Date

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Summary Schedule of Prior Year Findings
Year Ended June 30, 2007

2006-1	Finding:	<u>Inadequate Segregation of Accounting Functions</u>
	Status:	This finding is unresolved. See current year finding 2007-1.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Schedule of Findings
Year Ended June 30, 2007

The following findings are relating to the review of the Marshal's June 30, 2007 financial statements:

2007-1 Inadequate segregation of accounting functions

Finding:

Due to the small number of accounting personnel, the Marshal did not have adequate segregation of functions within its accounting system.

Recommendation:

Based on the size of the operation and the cost/benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2007-2 Garnishment Fund, Due to Others subsidiary should be reconciled to the cash balance.

Finding:

The Due to Others Subsidiary of the Garnishment Fund does not reconcile with the ending cash balance.

Recommendation:

Reconcile the Due to Others Subsidiary of the Garnishment Fund to the cash balance on a monthly basis.

WARD THREE MARSHAL FOR THE PARISH OF ST. MARY
Franklin, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2007

Response to Finding 2007-1:

No response is considered necessary.

Response to Finding 2007-2:

Management will implement procedures to ensure that the Garnishment Fund is reconciled to the cash balance on a regular basis.